

Citizens Gas

Update on Gas Supply, Pricing and Customer Service

**For Indiana Utility Regulatory Commission
July 10, 2003**

Overview

David N. Griffiths

President & Chief Executive Officer

- **National energy picture**
- **Gas volatility mitigation**
- **New bill format**
- **Preliminary plans for fall/winter**

National Energy Picture

High Natural Gas Prices

- National gas supply picture worsening
- Greenspan testimony fuels national debate
- High natural gas prices impact family budgets
- Industries, especially manufacturing suffer
- Contradictory government policies

National Energy Strategy

- **National Energy bills now before Congress**
- **Political forces threaten legislation**
- **Expanding all energy options necessary**
 - **Open access to vast gas reserves**
 - **Utilize coal using new technology**
 - **Revive nuclear industry**
 - **Expand research for renewable energy**

Expectations -- Winter 2003-2004

Won't be Business as Usual

- **Proactive communications**
- **Explain high gas prices now**
- **Conservation/weatherization**
- **Promote Budget Plan**
- **Collaborative strategies needed**
- **Keep marketing natural gas**

Customer Service & Price Mitigation

LaTona Prentice

Director of Regulatory Affairs

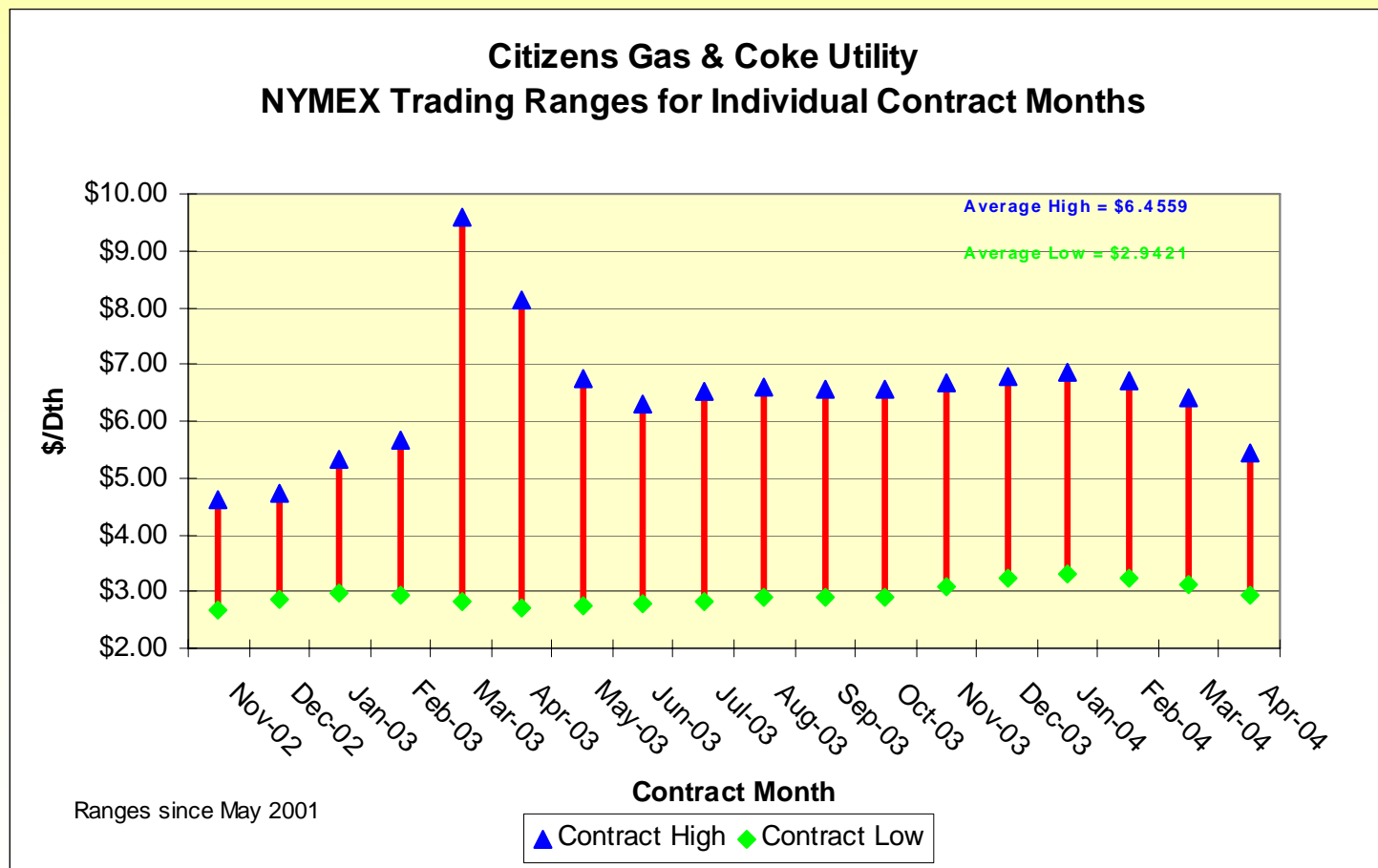
- **Price volatility mitigation**
- **Customer service initiatives**
- **Bill format implementation**
- **Plans for fall/winter**

Price Volatility Mitigation

- **Colder 02-03 weather and low storage levels**
- **Prices moderating, but still volatile**
- **Volatility expected to continue**

Price Volatility Mitigation

Market Conditions



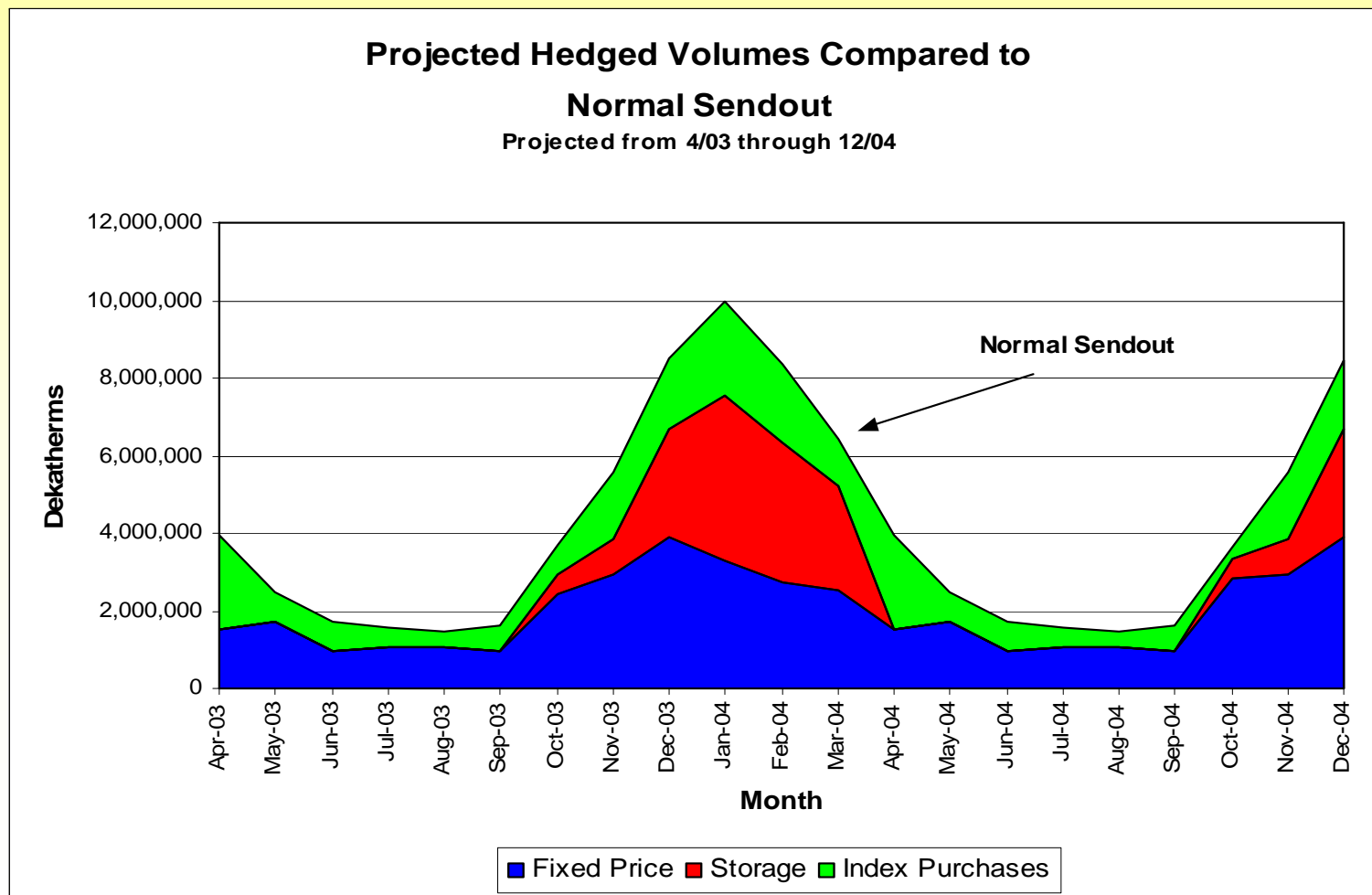
Price Volatility Mitigation

Program Design

- Uses storage assets and fixed-price contracts
- Goal is to manage price volatility
- Not speculating on future prices
- Future savings not guaranteed

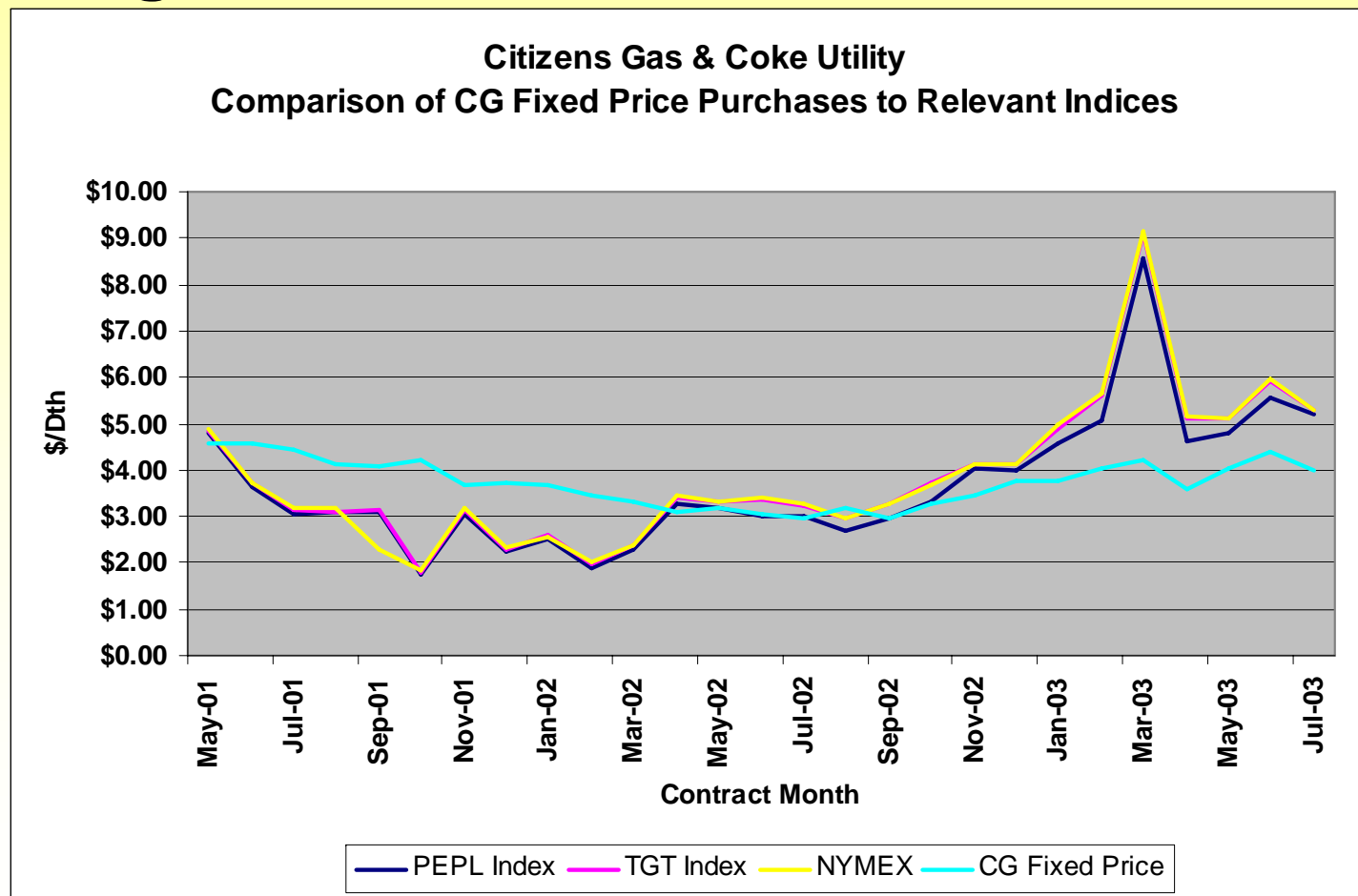
Price Volatility Mitigation

Program Design



Price Volatility Mitigation

Program Results



Market Looking Forward

- Record low storage levels nationwide
- Weather will determine prices
- Natural gas prices expected to remain high
- Gas production lagging behind demand
- Bills next winter likely to be higher

Customer Service Initiatives

- Prepare customers for next winter
- Minimize shutoffs
- Expand collaborative assistance efforts

Customer Service Initiatives

New Bill Formats

- Promotes understanding of costs
- Fosters better energy management
- Splits out costs for delivery and gas supply
- Provides comparative usage information
- Provides comparative weather information
- Targeted messages on bill above stub

Customer Service Initiatives

New Bill Format Development/Communications

- Designed with input from customers IURC, OUCC staff, and Citizens Gas Customer Service staff
- Proactive communications about format



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A tradition of trust.

Guide to New Bill

How to Read Your Citizens Gas Bill

1. Your Customer Account Number, which uniquely identifies your gas service, is on our office.
2. When your payment is due bill.
3. Mailing address of your gas bill.
4. Specific message appearing on some bills regarding your account activity.
5. Address where gas service is located.
6. Summary comparing gas consumption and weather during current billing period, previous billing period, and same billing period a year ago. (Weather information is provided on October through May bills only.)
7. We billed your account on this date. All transactions shown.
8. Amount of last bill; payment received; previous balance.
9. Breaks down cost of gas used at your home or providing delivery and various customer services. These are not new charges or a rate increase.
10. Account balance to date.
11. Number of service keys during this billing period.
12. Therms measure the energy used.
13. Number of cubic feet of gas delivered through your meter.
14. Previous meter reading and date meter read.
15. Current meter reading and date meter read.
16. Number of the meter assigned to the address where service is located.
17. Next time your gas meter is scheduled to be read.
18. Standard measurement of energy heat value.
19. Monthly customer service message on various topics: weatherization, natural gas products and payment options.
20. Please return this part of your bill with payment; prepay your payment now quickly and accurately.

Citizens Gas
100 Due Date
Indianapolis, IN 46207-7058
www.citizensgas.com

Account Summary (LBB 17)

Billing for: 1234 Orange St
Service Type: Residential Heat
Date Billed: 10/27/03

Account Number: 987654-456789
Payment Due Date: 11/16/03
Amount to be paid by 11/16/03: 78.10
Amount to be paid after 11/16/03: 78.40

CUSTOMER MESSAGES

As a participant in the Automatic Bank Deduction financial institution on 01/15/03.

Historical Information

Gas Consumption Comparison

Current Period	Previous Period	Same Period Last Year
126	112	108

Therms

- Current period was 14% cooler than previous period.
- Current period was 8% warmer than the same period last year.

Citizens Serving You See reverse side for phone numbers, office location, hours, and definition of terms.

10. Citizens Gas has reduced your natural gas bill this month. Look inside today's Pipeline for more information on how Citizens Gas works to hold down your gas costs.

Give the gift of warmth this season by purchasing a Citizens Gas gift certificate for someone on your holiday list. Call 924-3311 for additional details.

20. Please check and return the portion with your payment. Please detach list, check or money order to be.

Name: Citizen, John Q.
Account: 987654-456789
Service: 1234 Orange St

Amount paid: \$
Amount to be paid by 11/16/03: 78.10
Amount to be paid after 11/16/03: 78.40

Make Check or Money Order Payable to:
Citizens Gas
100 Due Date
Indianapolis, IN 46207-7058

987654-456789



Citizens Gas

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Newspaper Ads

THREE WAYS YOUR NEW GAS BILL HELPS YOU MANAGE YOUR USAGE.

If you're a Citizens Gas customer, you'll notice a few changes to your next gas bill. Not only is our new bill format easier to read, but it also includes information that could help you manage your gas usage. The new format shows your gas usage each month, and compares it to previous billing periods. During the winter, the bill spells out how the weather may have affected your consumption. The new bill also breaks out the cost of the gas you use and the cost of providing delivery and services.

All of this new information should help you more easily monitor and manage your gas usage over time. Look for the new format with your next statement from Citizens Gas. And if you have questions about the new format, please visit us online at www.citizensgas.com or call 924-3311.

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Citizens Gas
701 New York
Indianapolis, IN 46201-7010
www.citizensgas.com

Account Number: 987654-456789
Payment Due Date: 01/16/03
Amount to be paid by 01/16/03: 76.10

CUSTOMER MESSAGES
As a participant in the Automatic Bank Deduction program, \$76.10 will be deducted from your financial institution on 01/16/03.

Account Summary L08 17

Billing for: 1234 Orange St.
Service Type: Residential Heat
Date Billed: 12/27/02

Account Balance of Last Bill: \$100.00
Payment (s) Received: 100.00
Previous Balance: 0.00

Current Period Charges:
Gas Used: 41.46
Delivery and Services: 30.33
Sales Tax: 4.31
Total Current Charges: 76.10
Account Balance as of 12/27/02: 76.10

Historical Information

Gas Consumption Comparison

Current Period	Previous Period	Same Period Last Year
122	112	135

Current period was 14% colder than previous period.
Current period was 5% warmer than the same period last year.

Delivery and Services

Item	Current Period	Previous Period	Same Period Last Year
Delivery	14	128	127
Services	7926	7926	7926
Current Period	8081.2	8081.2	8081.2
Previous Period	8081.2	8081.2	8081.2
Same Period Last Year	8081.2	8081.2	8081.2

Bill Date: 12/26/02
Bill Period: 12/26/02
Next Bill Date: 01/27/03
Next Bill Amount: 76.10

Newspaper Ads

Cómo leer su factura de gas

Citizens Gas sabe que las facturas pueden ser confusas. Cuando usted tenga alguna pregunta acerca de su factura de gas, usted puede marcar al 924-3311 y hacer su pregunta en español. Trataremos de responderle inmediatamente.

A la derecha, vea la guía de factura mensual de Citizens Gas. Aunque el nombre y las cifras en el ejemplo son diferentes de la suya, su factura tendrá la misma apariencia.



- Su número de cuenta de usuario.
- Fecha de su pago en su cuenta afuera.
- Dirección a donde se envía su factura de gas.
- Mensaje especial para algunas ocasiones acerca de su cuenta.
- Dirección desde se encuentra el servicio de gas.
- Resumen de comparación de su consumo de gas y último durante el periodo del cubro actual, cubro anterior y el mismo periodo del cubro del año pasado.
- En esta fecha le cobramos a su cuenta. Se muestran todas las transacciones hasta la fecha de cubro.
- Cantidad de su último cubro; cantidad de su último pago recibido; saldo anterior.
- Detalles de el costo de gas usado en su hogar e negocio; el costo de suministrar el servicio de entrega y otros servicios. Esto se indica nuevos cargos al momento de costo.
- Saldo de su cuenta hasta la fecha.
- Número de días de servicio durante este periodo de cubro.
- Número de unidades térmicas utilizadas.
- Cantidad de gas, medida en pies cúbicos, que pasa a través de su medidor.
- Última fecha en que hicieron su medidor y la cantidad consumida.
- Fecha en que hacen su medidor y la cantidad de gas consumida para el cubro actual.
- Número asignado al recibidor de la dirección desde se requieren el servicio.
- Presión por gas tenemos suministro de gas.
- Medida estándar de energía.
- Mensaje especial para las ocasiones acerca de métodos de comunicaciones, los productos y servicios de energía.
- Por favor registre esta porción de su factura junto con su pago. Esta porción de la cuenta nos ayuda a procesar su pago más rápido y en forma más exacta.

Account Number
987654-456789

Payment Due Date
01/15/03

Amount to be paid by 01/15/03
75.10

Amount to be paid after 01/15/03
75.65

CUSTOMER MESSAGES

As a participant in the Automatic Bank Deduction program, \$75.10 will be deducted from your financial institution on 01/15/03.

Citizen, John Q.
1234 Orange St.
Indianapolis, IN 46202-1234

Account Summary

Billing for: 1234 Orange St.
Service Type: Residential Heat
Date Billed: 10/01/02

Account Balance of Last Bill	\$100.00
Payment(s) Received	Thank You 100.00 CR
Previous Balance	0.00
Current Period Charges	
Gas Used	41.48
Delivery and Services	33.33
Sales Tax	4.31
Total Current Charges	79.12
Account Balance as of 10/01/02	\$79.12

Historical Information

Gas Consumption Comparison

Current Period	108
Previous Period	912
Same Period Last Year	100

Thermes

- Current period was 14% lower than previous period.
- Current period was 1% warmer than the same period last year.

Month of Bill	10	11	12	1	2	3	4	5	6	7	8	9	10	11	12
Previous Period	91	108	125	142	159	176	193	210	227	244	261	278	295	312	329
Current Period	108	125	142	159	176	193	210	227	244	261	278	295	312	329	346
Same Period Last Year	100	110	120	130	140	150	160	170	180	190	200	210	220	230	240

Citizens Serving You Gas service data for phone numbers, office location, hours, and definition of terms.

Citizens Gas has reduced your natural gas bill this month. Look inside today's Pipeline for more information on how Citizens Gas works to hold down your gas costs.

Give the gift of warmth this season by purchasing a Citizens Gas gift certificate for someone on your holiday list. Call 924-3311 for additional details.

Read the portion for payments.

Please detach and retain this portion with your payment. Please do not fold, staple or paper clip your payment.

Name:	Citizen, John Q.	Amount paid	75.10
Account:	987654-456789	Amount to be paid by 01/15/03	75.10
Service:	1234 Orange St.	Amount to be paid after 01/15/03	75.65

Make Check or Money Order Payable to:

Citizens Gas
P.O. Box 7000
Indianapolis, IN 46207-7000

Other Mediums



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& COKE UTILITY

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**Concerned about
Natural Gas Prices?**



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We're Citizens, just like you

Everything we do is focused on serving you, our customers. Citizens Gas & Coke Utility is a Public Charitable Trust providing safe, reliable and low-cost energy services to more than 262,000 customers in **Marion County, Indiana**. We also provide customer-focused programs designed to make your life easier. Browse our site, citizensgas.com, and find out more about Citizens Gas.




New Bill Format
Helping you understand and manage your energy costs.

[Click for more info >](#)

Preparing Customers for Winter

- Warning customers about high prices
- Promoting conservation/weatherization
- Promoting Budget Plan
- Weatherizing 60 homes

Preparing Customers for Winter


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& COKE UTILITY

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Residential Conservation & Weatherization

Conserve and save

Citizens Gas wants you to be comfortable in your home. But we also want you to be efficient and pay the least amount for the energy required to keep you warm on cold winter days. Simple conservation measures and weatherization practices can amount to significant savings. Here are some simple tips for keeping the heat inside your home while helping to save money on your gas bill. [more>](#)

[Click here for interactive tips on conservation and weatherization](#)





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Conclusion

Questions & Answers